

**State of New Hampshire Insurance Department
56 Old Suncook Road
Concord, New Hampshire 03301**

**Paula T. Rogers
Commissioner**

FOR IMMEDIATE RELEASE
September 25, 2001

Concord, NH

Insurance Commissioner Paula Rogers announced today that Aetna U.S. Healthcare Inc. is withdrawing its HMO based health insurance products from the small and large employer markets in New Hampshire. Currently, Aetna has just under 10,000 HMO members in New Hampshire's small employer market and an equal number in the large employer market.

Aetna's withdrawal from the small group market will be transitioned over a 6 month period, beginning on April 1 and continuing through August, 2002. Withdrawal from the large group market will be transitioned over a year, beginning on April 1, 2002. Aetna has worked with the New Hampshire Insurance Department to ensure that employers and employees are given sufficient advance notice of this market withdrawal and information for employers to evaluate coverage options. Aetna is mailing affected employers and employees notice letters prior to October 1, 2001. Employers and employees will have between 6 and 12 months, depending upon their renewal date and group size, to make arrangements for alternative health coverage.

Aetna is working with the New Hampshire Insurance Department in mailing additional notices to providers and insurance producers. Producers were notified by Aetna via email on September 25 and participating providers will be notified shortly.

Aetna will continue to offer its Preferred Provider Organization (PPO) products and indemnity products in both markets in New Hampshire. These products have different benefit structures from the HMO products being discontinued. Employers will have the option to continue coverage with Aetna by switching to the PPO product, in the event those benefits suit their needs, or they may wish to explore another carrier's products. Aetna's New Hampshire PPO membership is 10,000. Its indemnity membership is 7,000.

Aetna has been reviewing its competitive position in HMO markets across the country. It is attempting to strengthen overall profitability by withdrawing its HMO products from markets where it is not competitive. As a result, in addition to the New Hampshire markets, Aetna is withdrawing its HMO products from the

small and large group markets in Louisiana, Rhode Island, South Carolina, and certain geographic areas in California, Georgia, Indiana, Missouri and Pennsylvania.

Aetna has attributed the lack of competitiveness of their HMO products in the New Hampshire market to their relatively small market share. Without market share, Aetna has been unable to negotiate competitive contracts with health care providers. This in turn, has had a negative impact on profitability. Aetna has not turned a profit on its New Hampshire HMO business since 1996. Aetna's HMO enrollment in New Hampshire has never exceeded 20,000, whereas its HMO enrollment in Massachusetts is 91,000 and enrollment in Maine is 89,000.

Aetna's withdrawal of its HMO products and continuation of its PPO products is consistent with the national trend of decreasing HMO enrollment and increasing PPO enrollment.

Of the approximately 20,000 New Hampshire insureds whose Aetna HMO coverage will terminate, approximately 4,500 commute to a Massachusetts or Maine employer. These persons will be eligible to continue with an Aetna HMO product that is licensed in Massachusetts or Maine. New Hampshire residents who commute will be able to continue their relationship with their New Hampshire Primary Care Physician and receive referred care from other New Hampshire providers participating in the Aetna New Hampshire PPO network.

For additional information, please contact: Alex Feldvebel, Deputy Commissioner at 603-271-2261.